GOVERNMENT OF INDIA
HEAVY INDUSTRIES AND PUBLIC ENTERPRISES
LOK SABHA

UNSTARRED QUESTION NO:3358
ANSWERED ON:24.08.2006
INVESTMENT IN CAPITAL GOODS INDUSTRY .
Singh Shri Chandra Bhushan

Will the Minister of HEAVY INDUSTRIES AND PUBLIC ENTERPRISES be pleased to state:

(a) Whether the capital goods industry needs bigger investment to meet the domestic needs;

(b) If so, the details thereof;

(c) Whether the Capital Goods Industry is importing 70 percent of its machine requirements;

(d) If so, the facts thereof; and

(e) The steps taken/being taken by the Government to reduce the import dependence?

Answer

MINISTER OF STATE IN THE MINISTRY OF HEAVY INDUSTRIES AND PUBLIC ENTERPRISES (SMT. KANTI SINGH)

(a) & (b): The Capital Goods industry has been considered as the mother industry of all the manufacturing units and is very crucial for the growth of the manufacturing sector which accounts for about 80% of the index of industrial production in the country.

To sustain the projected 9% growth of GDP, the Capital Goods industry would be required to grow @ 16-18% per annum for which investments are required.

(c) It is true that there is substantial import of capital goods in the country.

(d) The CII's recent study on Capital Goods has indicated that the production and import trends for capital goods between September, 2004 to August, 2005 show that the imports are varying between 40% to 55% during this period.

(e) Indian Capital Goods industry is well established in the areas of Industrial Machinery, Process Equipment, Heavy Electrical Equipment, Machine Tools etc. and is able to meet most of the requirement of the manufacturing sector.

To provide a continuing forum of policy dialogue to energise and sustain the growth of manufacturing industry and thereby the growth of CG sector, the Government has already set up the National Manufacturing Competitiveness Council (NMCC), which has worked out a detailed National Programme for enhancing the competitiveness in the manufacturing sector.